

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: MIDAMERICAN ENERGY COMPANY	DOCKET NO. WRU-03-76-156
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ORDER GRANTING LIMITED WAIVER

(Issued January 30, 2004)

On December 30, 2003, MidAmerican Energy Company (MidAmerican) filed with the Utilities Board (Board) a request for a limited waiver of 199 IAC 19.10(1), relating to the Purchased Gas Adjustment (PGA). MidAmerican is requesting a waiver only until the end of the current heating season, April 2004, since subrule 19.10(1) is being reviewed with other PGA rules, for possible changes in Docket No. NOI-03-1. The filing was identified as Docket No. WRU-03-76-156.

Specifically, MidAmerican requests a waiver of the PGA rule relating to the Rb factor, which is the adjusted amount necessary to obtain the anticipated balance for the remaining PGA year. The Rb factor is calculated by dividing the anticipated PGA balance by the forecasted volumes for the months of October through August of the PGA year.

Pursuant to 199 IAC 19.10(4), a utility must file an Rb factor in its February PGA and subsequent monthly filings in the PGA year and may file in other months if anticipated revenues exceed or fall short of anticipated costs by more than one-half

of 1 percent. An Rb factor is then included in the PGA to the extent necessary to obtain the anticipated balance.

The Board has waived this rule for MidAmerican in the past. In Docket No. WRU-01-49-156, MidAmerican was granted a waiver of subrule 19.10(1) to allow recovery of storage costs during the months of November through April using the forecasted sales for those months. That waiver allowed MidAmerican to more closely match any over- or under-collections associated with gas withdrawn from storage with the months when the gas was actually consumed.

In Docket No. WRU-03-7-156, MidAmerican was granted a one-year waiver to allow an additional adjustment to the Rb factor for storage costs. The waiver allowed MidAmerican to use the current month's futures-market price for gas to be delivered during the upcoming injection season instead of the January futures-market price for the months January through April 2003.

MidAmerican is seeking another waiver until April 2004 on the same basis as the other waivers. MidAmerican states that the Consumer Advocate Division of the Department of Justice has indicated it has no objection to the limited waiver. MidAmerican provided an analysis of the effect of the waiver over the last year. The analysis shows without the waiver MidAmerican would have had an under-collection at the end of 2003 of approximately \$7 million, which would have required a substantial true-up. With the waiver, MidAmerican estimates an over-collection of \$800,000, allowing a smaller true-up.

Rule 199 IAC 1.3 states the Board may grant a waiver if it finds, based upon clear and convincing evidence, that the application of the rule would pose an undue hardship, the waiver would not prejudice the substantial legal rights of any person, the provisions waived are not specifically mandated by statute, and substantially equal protection of public health, safety, and welfare will be afforded after the waiver. The Board has considered the waiver request described above and finds that the waiver meets the four criteria of the rule and the evidence in support of the waiver is clear and convincing.

The Board finds it would be an undue hardship on MidAmerican and its customers to experience the substantial under-collection that is shown in MidAmerican's analysis. The limited waiver should prevent a substantial under-collection or over-collection during this winter heating season.

The Board finds that no person's substantial legal rights will be affected by this waiver, that the calculation of the Rb factor is not specifically mandated by statute, and that health, safety, and welfare will be protected after the waiver. The Board will, therefore, grant the limited waiver as requested by MidAmerican.

Finally, the Board is reviewing possible changes to the Rb factor in Docket No. NOI-03-1 to determine whether subrule 19.10(1) should be amended to accommodate MidAmerican's methodology. The final action in that proceeding may make future waivers unnecessary.

IT IS THEREFORE ORDERED:

The request for a limited waiver, filed by MidAmerican Energy Company on December 30, 2003, of 199 IAC 19.10(1) is granted.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 30th day of January, 2004.